

**SALES AND USE TAX REVIEW COMMISSION
RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

BILL NUMBER:
S-1778

DATE OF INTRODUCTION:
May 8, 2008

SPONSOR:
Senator Bill Baroni

DATE OF RECOMMENDATION:
June 12, 2008

IDENTICAL BILL:

COMMITTEE:
Senate Economic Growth Committee

DESCRIPTION:
This legislative proposal provides a sales and use tax exemption for the sales of certain Energy-Star labeled residential lighting and appliances.

ANALYSIS:
This proposal would require that receipts from sales of the following products sold for residential use are exempt from the tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) if the products bear the Energy Star label: compact fluorescent light bulbs, ceiling fans, clothes washers, dehumidifiers, dishwashers, refrigerators and freezers, residential light fixtures, room air conditioners, and room air cleaners.

This Bill proposes to eliminate sales tax on the purchase of a wide range of the energy-efficient residential use items. Generally, the Commission does not support the use of tax policy as a means of influencing consumers' purchasing decisions and other behavior, even though the behaviors promoted might be beneficial to the State. Further, energy prices are currently so high that a sales tax exemption is not necessary to motivate energy-conscious purchases.

The passage of this Bill would also encourage other products that also meet the energy efficiency standards of the Energy Star program to seek a similar exemption. These products currently include home electronics, office equipment and household heating or cooling units. Currently, the Board of Public Utilities under the New Jersey's Clean Energy Program provides cash rebates or other incentives for certain energy-efficient home purchases. The Board of Public Utilities seems the more appropriate venue to advance further energy initiatives.

RECOMMENDATION:
The Commission does not recommend enactment of this Bill.

COMMISSION MEMBERS FOR PROPOSAL: 1

COMMISSION MEMBERS AGAINST PROPOSAL: 4

COMMISSION MEMBERS ABSTAINING: 0